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NORTH LILY MINE

M/023/007

## NORTH LILY MINING COMPANY

1800 Glenarm Place - Suite 210, Denver, Colorado 80202 Phone: 303-294-0427 Fax: 303-293-2235

FAX transmittal

DATE: 28 JULU 1999

TO: A WAYNE Helberg LC: Tom MUNISON

FAX: 80/-359-3940

FROM: GONCENSAS

RE:

Hard copy to follow Yes\_\_\_ No\_\_\_

No of pages 3

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MESSAGE:

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State 210

(St) Ghanna Place

Danier, CO 80202

Tel: 505,294,0427

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28 July 1999

Mr. D. Wayne Hedberg
Permit Supervisor
State of Utah Department of Natural Resources
Minerals Reclamation Program
1595 West North Temple, Suite 1210
Salt City, Utah 854114-5801

FAX: 801-359-3940

Re: Ground Water Permit UGW 230001

Dear Mr. Hedberg:

The following is our report through 30 June 1999:

1. Compliance Technology started the testing for the Passive Bioreactor Treatment System of the Silver City Solutions in late April. Approximately 200 gallons of Silver City solution was used in the laboratory column testing. The solution was run through a 6-inch diameter by 6-foot high column containing cow manure and straw/hay.

The solution sat in the column to test if the WAD cyanide concentration would go anaerobic. When the anaerobic conditions were achieved the flow rate of solutions going into the column was increased over a 30 day period. After that 30 day period the flow rate was increased over another 30 days.

2. Compliance Technology informed North Lily that the above testing was successful and they are now preparing a report for these results and the design for the Passive Bioreactor Treatment System at Silver City. Upon final approval of this report by North Lily, Compliance Technology and North Lily will submit this report to the State for the approval of the recommended system. The submittal of the report should be by mid-August.

Upon approval by the State North Lily will begin to install the approved system.
 Compliance will assist in installation of the system.

The above is the most recent information to date. If you have any questions please call us.

Sincerely,

North Lily Mining Company

W. Gene Webb

cc: Steve Flechner

Tom Munson, Division of Oil, Gas, and Mining